

FIRST UNION RAIL

One O'Hare Centre
6250 River Road, Suite 5000
Rosemont, IL 60018

Tel 847 318-7575
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RECORDATION NO. 25199 FILED

SEP 22 '04 3-14 PM

VIA UPS 2nd DAY AIR

September 17, 2004

SURFACE TRANSPORTATION BOARD

Mr. Vernon E. Williams
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment

Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) originals of a Memorandum of Lease Agreement, dated November 17, 2004, a primary document as defined in the Board's Rules for the Recordation of Documents. Please file this Memorandum of Lease as a primary document since a Master Lease has not been filed with the Surface Transportation Board. The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: Vermont Railway Inc.
1 Railway Lane
Burlington, VT 05401

A description of the railroad equipment covered by the enclosed document is thirty-six (36) 89 ft. 70-Ton flatcars, with NOKL marks (see Exhibit A for number).

A short summary of the document to appear in the index follows: Memorandum of Lease

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions regarding the above-referenced matter, please contact me at (847) 384-5387. Thank you for your cooperation in this matter.

Very truly yours,

Georgia Freiburger
Manager of Documentation

Enclosure
(VTR002)

RECORDATION NO. 25199 FILED

ASSGN. NO.: VTR002

MEMORANDUM OF LEASE

SEP 2, 2004

3-14 PM

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into on this the 17th day of November, 2003, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Vermont Railway, Inc. ("Lessee"), a Vermont corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of October 23, 2003, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No.1 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of December 13, 2003, and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

ATTEST:

By: Richard F. Seymour

Name: RICHARD F. SEYMOUR
Vice President Sales & Marketing

By: K.A. Dombrowski

Name: K.A. DOMBROWSKI

Title: DIRECTOR OF DOCUMENTATION

Executed on this 17th day of November, 2003.

[CORPORATE SEAL]

STATE OF ILLINOIS

COUNTY OF COOK

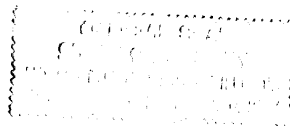
I, SUSAN GROKULSKY, a Notary Public of the County and State aforesaid, certify that RICHARD F. SEYMOUR personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 17th day of November, 2003

Susan Grokulska
Notary Public

My Commission Expires:

8-14-2004
(Notary Public)



LESSEE:

VERMONT RAILWAY, INC.

ATTEST:

By:

Name:

Title:

By:

Name:

Title:

Executed on this _____ day of _____, _____.

[CORPORATE SEAL]

STATE OF

COUNTY OF

I, Barbara N Wolcott, a Notary Public of the County and State aforesaid, certify that David Wolfson personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 23rd day of October, 2003

Barbara N Wolcott
Notary Public

Commission Expires:

2/10/07
(Notary Public)

EXHIBIT A
to
MEMORANDUM OF LEASE

NUMBER OF CARS: Up to thirty-six (36), including One (1) test car

DESCRIPTION OF CARS: 89 ft. 70-Ton TOFC/COFC Flatcar

CAR NUMBERS:

NOKL 770001
NOKL 770002
NOKL 770004
NOKL 770005
NOKL 770008
NOKL 770013
NOKL 770015
NOKL 770017
NOKL 770019
NOKL 770022
NOKL 770026
NOKL 770027
NOKL 770028
NOKL 770031
NOKL 770037
NOKL 770045
NOKL 770046
NOKL 770047
NOKL 770049
NOKL 770051
NOKL 770052
NOKL 770058
NOKL 770066
NOKL 770067
NOKL 770068
NOKL 770071
NOKL 770072
NOKL 770076
NOKL 770079
NOKL 770084
NOKL 770085
NOKL 770089
NOKL 770091
NOKL 770092
NOKL 770094
NOKL 770098
Count: 36